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United States  
Department of  
Agriculture

Forest  
Service

Manti-La Sal  
National Forest

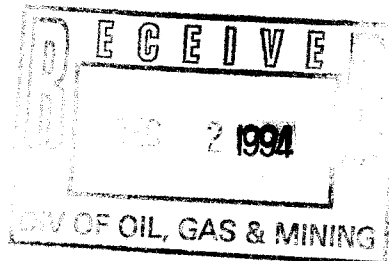
599 West Price River Dr.  
Price, Utah 84501  
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File Code: 2820-4

Date: November 30, 1994

cc: JWC  
JBB  
RBT  
BY *acc file*  
12/5/94

Mr. James W. Carter  
Utah Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203



Dear Mr. Carter,

I have received Genwal Coal Company's request to relinquish the Special Use Permit (SUP) for an underground access way for the Crandall Canyon Mine, dated July 20, 1994. I intend to terminate the SUP and release their bond, but first I would like to confirm that you have no objections. The area has been leased to Genwal and incorporated in the mine plan, so there is no longer a need for the SUP.

Please send your response by January 17, 1994. Contact Dale Harber at the address above, or by phone, if you have any questions.

Sincerely,

*Deane H. Zeller*

for

DEANE H. ZELLER  
Acting Forest Supervisor

Enclosure

UNDERGROUND ACCESS SPECIAL-USE PERMIT

ACT OF OCTOBER 21, 1976 (90 STAT. 2743; 43 U.S.C. 1761)

Genwal Coal Company of Huntington, Utah (hereafter called the Permittee) is hereby authorized to use National Forest lands for the development, maintenance, and use of an underground access-way within the Manti-LaSal National Forest for the following purposes: Mining activities which include transporting equipment and personnel, coal conveyor systems, and associated utilities (water, electrical power, telephone, air, etc.).

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The lands covered by this permit are located in the County of Emery, State of Utah and are described as follows:

T.15 S., R.7 E., SLM, Emery County, Utah  
Section 31: Lots 10, 11 and 12

This permit covers a right-of-way 4,670.5 feet in length, 1,040 feet in width, containing approximately 111.5 acres, and is located under the ground according to the survey line, figures, measurements, widths, and other references shown on the map or plat attached hereto and made a part hereof.

This permit is made subject to the following terms, provisions, and conditions:

1. This permit is subject to all existing easements and valid rights existing on this date.
2. The Permittee in exercising the privileges granted by this permit shall comply with all applicable State and Federal laws, Executive Orders, and Federal rules and regulations, and shall comply with all State standards for public health and safety, environmental protection, and siting construction, operation, maintenance of or for rights-of-way for similar purposes if those standards are more stringent than applicable Federal standards.
3. The Permittee shall remove no coal except as authorized by development stipulations or maintenance agreements.
4. Permittee shall pay the United States for all injury, loss or damage, including fire suppression costs, in accordance with Federal and State laws.
5. Permittee shall indemnify the United States for any and all injury, loss, or damage, including fire suppression costs the United states may suffer as a result of claims, demands, losses, or judgments caused by the Permittee's use or occupancy under this permit.

16. (B-2) During the performance of this authorization, the holder agrees that:

1. The holder and employees shall not discriminate by segregation or otherwise against any person on the basis of race, color, or national origin by curtailing or refusing to furnish accommodations.

2. Title VI attaches coverage to the holder's employment practices if discrimination in employment impeded the delivery of services and benefits to people on the basis of their race, color, or national origin.

3. The holder shall include and require compliance with this nondiscrimination provision in any subcontract made with respect to the operations under this authorization.

17. (B-26) Holder shall take all measures necessary to protect the health and safety of all persons affected by its activities performed in connection with the construction, operation, maintenance, or termination of the right-of-way, and shall promptly abate as completely as possible any physical or mechanical procedure, activity, event, or condition, existing or occurring at any time:

(1) that is susceptible to abatement by the holder, (2) which arises out of, or could adversely affect the construction, operation, maintenance, or termination of all or any part of the underground access, and (3) that causes or threatens to cause: (a) a hazard to the safety of workers or to public health or safety, or (b) serious and irreparable harm or damage to the environment (including but not limited to areas of vegetation or timber, fish or other wildlife populations, or their habitats, or any other natural resource). Holder shall immediately notify the authorized officer of all serious accidents which occur in connection with such activities.

18. (D-18) The holder agrees to take all necessary precautions to avoid damage to property and resources of the United States and will, independently and upon request of the Forest Service, prevent and suppress fires on or near lands occupied, or to be occupied, under this permit, and to pay and indemnify the United States for any and all injury, loss, or damage, including but not limited to fire suppression costs, the United States may suffer as a result of claims, demands, losses, or judgments caused by the holder's use or occupancy to the maximum extent possible in accordance with State laws, ordinances, regulations, and rules.

19. (F-21) The holder shall be held liable for all injury, loss, or damage, including, but not limited to fire suppression costs, directly or indirectly resulting from or caused by the holder's use and occupancy of the area covered by the permit, regardless of whether the holder is negligent, provided that the maximum liability without fault shall not exceed \$1,000,000 for any one occurrence and provided further that the holder shall not be liable when such injury, loss, or damage results from a negligent act of the United States, or a third party not involving the facilities of the holder.

Liability for injury, loss, or damage, including fire suppression costs, in excess of the specified maximum, shall be determined by the laws governing ordinary negligence.

20. (X-17) If, prior to or during excavation work, items of archaeological, paleontological, or historic value are reported or discovered, or an unknown deposit of such items is disturbed, the holder will immediately cease excavation in the area so affected. Holder will then notify the Forest Service and will not resume excavation until written approval is given by the authorized officer.

If it deems it necessary or desirable, the Forest Service may require the holder to have performed recovery, excavation, and preservation of the site and its artifacts at the holder's expense. At the option of the Forest Service, this authorization may be terminated at no liability by the United States when such termination is deemed necessary or desirable to preserve or protect archaeological, paleontological, or historic sites and artifacts.

21. (X-49) This permit is not exclusive; that is, the Forest Service reserves the right to use or permit others to use any part of the permitted area for any purpose, provided such use does not interfere with the rights and privileges hereby authorized.

22. (X-74) This permit confers no right to the use of water by the holder.

23. (X-96) Appeal of any provisions of this authorization or any requirements thereof shall be subject to the appeal regulations at 36 CFR 251, Subpart C (54 FR 3362, January 23, 1989), or revisions thereto.

## SPECIAL PERMIT CLAUSES CONTINUED

24. The underground entries shall be developed in accordance with information provided in the special-use permit application. Any modification to the proposed design must receive approval prior to implementing the proposed change.
25. The underground access-way shall be limited to full-support first mining associated with development of mains and cross-cuts. The permittee shall maintain sufficient pillar safety factors to prevent subsidence and surface impacts and ensure the ability of a third party to safely develop cross-over entries.
26. A bond in the amount of \$2,500,000 shall be posted for the purpose of ensuring access via rock slopes to coal reserves north of the right-of-way by a third party. The bond shall be posted prior to issuance of the permit.
27. If the permit holder becomes the lessee of the coal to the north of the right-of-way, the right-of-way shall terminate upon the permittee's obtaining a permit to mine. The \$2,500,000 bond will be released at this time. Should a third party become the lessee of the coal lying to the north of the right-of-way, the \$2,500,000 bond will guarantee payment of costs associated with the third party accessing the northern coal.
28. Section maps (two complete sets) showing development progress of the right-of-way entries shall be provided to the Forest Service on a monthly basis for the purpose of estimating production by volumetric calculation. Scale weights for total mine production (two complete sets) will also be provided to the Forest Service on a monthly basis. The Forest Service will transfer one copy of the maps and scale weights to the BLM.
29. As required by 43 CFR 3431.2(a), the fair market value of coal removed in connection with this right-of-way has been estimated by the Bureau of Land Management (BLM) to be \$4.15 per ton. This reflects the estimated average F.O.B. mine price less average direct operating costs. An estimated 200,000 tons of coal will be removed in connection with this right-of-way resulting in an estimated payment of \$830,000.

30. Payment shall be made to the Bureau of Land Management, Utah State Office, P.O. Box 45155, Salt Lake City, Utah, 84154-0155. Indicate the payment is to account 145003.3 for UTU-66838. A payment of \$415,000 (one half of the estimated total payment) shall be made prior to removing any coal in connection with this right-of-way. A bond in the amount of \$415,000 shall be provided with this initial payment as security for the remainder of the total estimated payment. This can be accomplished by providing a surety bond in the amount, submitting a cash bond, or providing a personal lease bond secured by negotiable U.S. Bonds of a par value equal to the amount required.
31. Upon completion of the right-of-way entries, a final determination as to the total coal removed in connection with the right-of-way shall be made by BLM. A bill representing payment for the total coal removed less the \$415,000 initial payment shall be sent to the applicant. Payment shall be due within 30 days of receipt of the billing statement. Upon receipt of the final payment, the \$415,000 bond shall be released.
32. An estimate of coal stockpiled at the mine shall be provided to BLM immediately before and after completion of the right-of-way entries.
33. The BLM inspectors shall be allowed access to the entries for the duration of the permit.
34. As per 43 CFR 3431.2(c), the removal of the coal shall be subject to the Surface Mining Control and Reclamation Act of 1977.